

Vermont Municipal Employees' Retirement System

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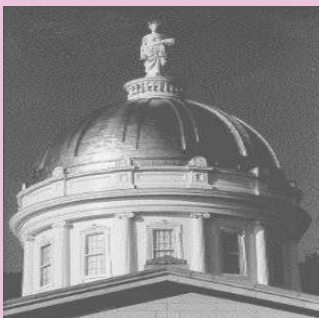
DIRECTOR'S CORNER

LEGISLATIVE UPDATE

The Vermont State Legislature adjourned on May 20, 2004. The session brought only one change to the VMERS plan in the form of a "housekeeping" change. Below is the only provision contained in H.0768 that will affect members of the system.

- Mandates that a retired municipal employee must be separated from service for a minimum of ninety days in order to qualify for a continued retirement benefit.

If you have any questions regarding the above change or the impact of the changes, please let us know.



INVESTING BASICS: what, why, and how

The Vermont Municipal Employees' Retirement System is a Defined Benefit plan. That means the assets of the trust fund are invested following a strict Guidelines & Investment Policy, and your benefit is guaranteed. However, to ensure you have adequate resources in retirement, you should also be involved in a personal savings plan. Here are some tips to help you make choices in your investments.

Despite today's relatively low rates of inflation, increases in prices of goods and services still eat away at the purchasing power of your money over time. Even when inflation is increasing at an annual rate of only 2%, one dollar

has the purchasing power of 98 cents after one year and 82 cents after 10 years.

Now imagine how inflation might increase your future living costs and reduce the purchasing power of your money after you retire. If inflation matched the U.S. historical average of 3%, your expenses could more than double in 25 years. What can you do? Consider investments with the potential to outpace inflation, even after you retire.

Financial experts agree: Two of the most important investment concepts for individuals to understand are asset allocation and diversification. These two



time-tested strategies may work hand in hand to help you assemble a mix of investments that fits your needs.

Asset Allocation

What? Asset allocation is the way you divide your savings among the major investment categories,

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STRAIGHT FROM THE BOOK

Straight From the Book will be a series of informational articles regarding your retirement benefits. The information will come straight from the VMERS handbook, and is available to you in entirety on the Web at www.vermonttreasurer.gov. For further information or clarification about any of the topics in the series, or what you read on the Web, please contact the Retirement Office at 802-828-2305 or 1-800-642-3191, toll-free within Vermont.

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RETIREMENT TIPS (continued from page 1)

or “asset classes”—stocks, bonds, and short-term investments.

Why? Your asset allocation can directly affect the potential amount you may earn from the money you invest and the risk you may lose some of your money.

How? Choose a mix of investments that's appropriate for your goals, risk tolerance, and time horizon. For example, if retirement is only a few years away, you may find it appropriate to increase the percentage of money you “allocate” to bonds, which may be less risky than stocks.

Diversification

What? Diversification involves selecting a variety of investments

within each asset class that may perform differently to help reduce risk—a variety of stock investments, for example.

Why? Investments in different asset classes, industries, or parts of the world may not react the same to economic changes or other developments. By diversifying, you create the possibility that one investment may rise in value when another falls.

How? Consider reading up on your investments to see if you have a variety from different categories.

Quick Tip: Including investments from markets outside the U.S. is one route to diversification. Explore international investing, obtain reports and

information, and do your “homework”. International investments may be riskier than domestic investments and involve currency and liquidity risks.



Source: Fidelity Investments, spring 2004 newsletter

STEVE JEFFREY— UNOPPOSED AND REAPPOINTED

Steve Jeffrey is the Executive Director of the Vermont League of Cities & Towns. He was appointed to that post in 1982, after having served as the League's Associate Director since 1978. He has been a member of the Vermont Municipal Employees' Retirement System (VMERS) since 1978.

Mr. Jeffrey has served on the VMERS Board of Trustees since 1982, serving as the Chair of the Board from 1987 to 1994 and from 1998 to the present. From 1987 until the present, due to substantial returns on investments of the System, the VMERS Board has worked to improve benefits for retirees, expand the retirement options available to employees, and reduce both employee and employer contributions to the System, all the while retaining a surplus and being the most actuarially-sound of the three Vermont state retirement systems.

Mr. Jeffrey accepted reappointment to the VMERS Board of Trustees and is very happy to serve as an Employee Representative for another three-year term.

Treasurer's New Web Site

The Treasurer's Office proudly launched a new and improved Web site on May 6, 2004, after many months of preparation and hard work.

Please browse the information on the Web at www.vermonttreasurer.gov and let us know what you think.

Your suggestions should be referred to the staff behind the scenes, our own computer technicians: **Dan Fine**, Technical Services Director, who has over 30 years of Vermont State Service; **Lane Safford**, Network Administrator, also has 15 years worth of Vermont State experience; and **Darryl Smith**, Systems Developer, who has three years of State Service, and lots of prior experience. Without the expertise and dedication of these dedicated staff members, our technical needs and ability to communicate with you would be

significantly reduced.

They can be reached by calling 802-828-2301 and selecting option 6.

The new Web site should provide the latest information available on a variety of topics, including among other interesting items, your retirement plan, Retirement Board activities, and VMERS trust fund performance.



STRAIGHT FROM THE BOOK (continued from page 1)

Who manages my retirement plan?

MANAGEMENT OF THE SYSTEM

The general administration and responsibility for formulating administrative policy and procedures of the Retirement System for its members and their beneficiaries is vested in the Board of Trustees consisting of five members. They are the State Treasurer, the Governor's representative, and three members elected by the membership of the system.

The Board appoints an executive secretary that acts as executive officer for the Board. The administrative functions of the VMERS are managed by the Director of Retirement Operations and carried out by the staff. Board meetings are open to the public and members are welcome to attend at any time. Administrative appeals or other claims should be addressed to the Board (in care of the Executive Secretary) for action at its next meeting. The Board generally meets once every other month.

RETIREE ELECTRONIC DEPOSITS

"Electronic Deposit" refers to the transfer of money from the Retirement Office directly to your bank account. It eliminates the need for a monthly pension check, which can be stolen, misplaced, or delayed in the mail.

The electronic deposit of your monthly pension check ensures that your money will be available to you in your bank account on the last working day of each

month. Via electronic deposit, your pension check can be directly sent to any bank account (checking or savings) in Vermont or anywhere in the U.S. There is no cost for this service.

To activate electronic deposit, please contact your bank to inquire about electronic deposit procedures and to obtain your account number.

(Continued on back page)

TREASURER'S OFFICE TELEPHONE SYSTEM

On May 12th, the State Treasurer's Office instituted an automated telephone system that we hope will provide more efficient and timely service to all callers.

When a caller dials 802-828-2301 or the toll-free 800-642-3191 (within Vermont), the recorded greeting presents six options, starting with the Retirement Office. If the caller is not comfortable with an automated system, he or she can either stay on the line until an operator answers, or immediately dial "0" to reach a person.

The same technique will work with after-hours calls, and a voice-mail message can be left. Of course, callers seeking the Retirement Division can also call 802-828-2305 directly.

Another helpful feature of the new system is a staff directory. A caller can choose to hear the employee directory, and then select the person with whom he or she wishes to speak.

Many callers do know the person or the division they are trying to reach, so the "menu" of staff members of subject matter is helpful.

The office staff worked carefully with the Telecommunications Division and Verizon (the telephone company that provides service to the State) in order to develop a simplified system that would not overwhelm callers. As we gain experience with the new system, we can make changes as necessary. So far,

RETIREMENT BOARD OF TRUSTEES

Chair: Steve Jeffrey
Employee Representative

Vice-Chair:
W. John "Jack" Mitchell
Employee Representative

Jeb Spaulding, *VT State Treasurer*
Ex Officio Member

Marie Duquette
Governor's Delegate

David Lewis
Employer Representative

Cynthia Webster
Executive Secretary
Director of Retirement Systems

133 State Street, 2nd Floor
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828-2305 or 800-642-3191
(In-State)

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Editor: Donna Holden

we have found that the system works quite well, and Treasurer's office staff members are spending less time forwarding calls to divisions other than their own.

Should you have suggestions or comments concerning the new system, please contact Barbara Agnew in Treasurer Jeb Spaulding's office; her direct number is 828-1452.

DID YOU KNOW...

*"Total spending every year on
haircuts and hair styling by
American consumers is more
than \$22 billion."*

ELECTRONIC DEPOSITS *(continued)*

Then call or write the Retirement Office for a form to complete the change to electronic deposit of your pension check.

The form will require your signature and the bank account number that should receive your monthly pension check. After the Retirement Office processes the electronic deposit form, your next pension check will be sent directly to your bank account.

Currently, **88.87%** of all retirees use automatic deposit. We are aiming for 100% participation in the electronic deposit format. For more information or to change to electronic deposit, please contact 828-2305 or 800-642-3191 (toll-free within Vermont).

We May Have Money For You!

The Vermont's Treasurer's Office may have unclaimed property for you. Vermont's Unclaimed Property (UP) Law requires corporations, business associations, financial institutions, and insurance companies to annually report and deliver property to the Treasurer's Office after there has been no customer activity on the account for several years. UP consists of bank accounts, uncashed insurance proceeds, utility deposits, money orders, stock dividends, bonds and interest payments, money from courts and other governmental agencies, safe deposit box contents, and more. The law prevents holders of UP from using your money and taking it into their business income. By centralizing funds in one place, it is easier to look for forgotten funds. The State guarantees that this money will be held forever until claimed by the rightful owner. State Treasurer Jeb Spaulding says, "Our job is to make every effort to find the rightful owners and return their funds to them."

There is no fee or time limit to file a claim. Citizens are encouraged to contact the Unclaimed Property Division by calling 802-828-2407, or toll-free in Vermont 1-800-642-3191. You may also check the UP section on our Web site at www.vermonttreasurer.gov. A claim can be filed by the original owner, heirs of the original owners, a representative of an estate, or a beneficiary or co-owner.

Vermont Municipal Employees' Retirement System
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